

ORDER NO. 6377

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Michael Kubayanda, Chairman;
Ann C. Fisher, Vice Chairman;
Mark Acton;
Ashley E. Poling; and
Robert G. Taub

Competitive Product Prices
Parcel Select Contract 39 (MC2021-32)
Negotiated Service Agreements

Docket No. CP2021-33

ORDER APPROVING AMENDMENT TWO TO
PARCEL SELECT NEGOTIATED SERVICE AGREEMENT

(Issued December 20, 2022)

I. INTRODUCTION

The Postal Service seeks to amend a Parcel Select negotiated service agreement.¹ For the reasons discussed below, the Commission approves the Amendment.

¹ USPS Notice of Amendment to Parcel Select Contract 39, Filed Under Seal, December 16, 2022 (Notice). The amendment is an attachment to the Notice (Amendment).

II. BACKGROUND

In Order No. 5769, the Commission approved the Parcel Select Contract 39 negotiated service agreement (Existing Agreement).² On December 16, 2022, the Postal Service filed notice that it has agreed to the Amendment to the Existing Agreement.

The Postal Service intends for the Amendment to become effective one calendar day after the date that the Commission completes its review of the Notice. Notice at 1.

III. COMMISSION ANALYSIS

The Commission has reviewed the Notice and the accompanying materials filed under seal.

Cost considerations. The Commission reviews competitive product prices to ensure that each product covers its attributable costs, does not cause market dominant products to subsidize competitive products, and contributes to the Postal Service's institutional costs. 39 U.S.C. § 3633(a); 39 C.F.R. §§ 3035.105 and 3035.107. As long as the revenue generated by the product exceeds its attributable costs, the product is unlikely to reduce the contribution of competitive products as a whole or to adversely affect the ability of competitive products as a whole to contribute an appropriate share of institutional costs. In other words, if a product covers its attributable costs, it is likely to comply with 39 U.S.C. § 3633(a).

The Existing Agreement is set to expire December 31, 2022. Order No. 5769 at 8. The Amendment revises the expiration date of the contract to January 21, 2023. Notice, Attachment A at 1.

² See Docket Nos. MC2021-32 and CP2021-33, Order Adding Parcel Select Contract 39 to the Competitive Product List, December 8, 2020 (Order No. 5769). The contract was later amended. See Order Approving Amendment One to Parcel Select Negotiated Service Agreement, September 1, 2022 (Order No. 6265).

The Amendment does not materially affect the underlying financial analysis of the Existing Agreement. Thus, the Commission finds that the Existing Agreement, as amended, comports with the provisions applicable to rates for competitive products in 39 U.S.C. § 3633(a) and 39 C.F.R. § 3035.107.

Other considerations. The Postal Service states that the Amendment shall become effective one calendar day after the date that the Commission completes its review. Notice at 1. The Existing Agreement, as amended, is set to expire January 21, 2023. Notice, Attachment A at 1.

If the Existing Agreement, as amended, is terminated prior to the scheduled expiration date, the Postal Service shall promptly notify the Commission.

In conclusion, the Commission approves the Existing Agreement, as amended.

IV. ORDERING PARAGRAPHS

It is ordered:

1. The Commission approves the Parcel Select Contract 39 negotiated service agreement, as amended.
2. The Postal Service shall notify the Commission if the Existing Agreement, as amended, terminates prior to the revised expiration date, January 21, 2023.

By the Commission.

Erica A. Barker
Secretary